

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

W.R. GRACE & CO., *et al.*,

Debtors.

Chapter 11

Case No. 01-01139 (JKF)
Jointly Administered

Re: Docket No. 22153

**NOTICE OF ARROWOOD'S RESERVATION OF RIGHTS WITH
REGARD TO PRE-TRIAL SUBMISSION (DKT NO. 22153)**

On June 17, 2009, the Debtors entered into a settlement agreement with Arrowood Indemnity Company ("Arrowood") and filed a motion for an order approving the settlement agreement (Dkt. No. 22153) with the Court seeking approval of this agreement. Pursuant to Section III(J) of the Grace/Arrowood Settlement Agreement, the parties agreed that Arrowood would suspend prosecution of objections to the Plan pending entry of a final order approving the Settlement Agreement and that, in the interim, any filing deadlines shall be deemed to have been tolled. In accordance with, and in express reliance on, this provision, Arrowood is not filing a pre-trial submission at this time.¹

¹ In the event and only in the event that Arrowood's settlement is not approved and its reservation were deemed ineffective, Arrowood fully preserves all objections stated in Royal's Preliminary Objections to Debtors' Joint Plan of Reorganization (Dk. 20450); Arrowood Indemnity Company, f/k/a Royal Indemnity Company's Objections to Debtors' Amended Joint Plan of Reorganization (Dk. 21814); Arrowood's Phase II Objections to the Non-Debtor Release and Exculpation Provisions and the Injunction Impairing its Rights of Contribution, Subrogation and Reimbursement that are Contained in the Amended Joint Plan of Reorganization (Dk. 21815); Arrowood's Phase I Trial Brief Objecting to the Amended Joint Plan's Non-Debtor Release and Exculpation Provisions and the Injunction that Impairs Arrowood's Rights of Contribution, Subrogation and Reimbursement (Dk. 21945); Arrowood's Phase I Trial Brief Objecting to the Plan Proponents' First Amended Joint Plan of Reorganization (Dk. 21946); Arrowood's deposition Designations and Offer of Exhibits, and joins and incorporates by reference objections filed by General, Travelers, CNA and Maryland Casualty to the extent not conflicting.

Dated: July 17, 2009
Wilmington, Delaware

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